

Based on data of the Census and Economic Information Center of the Montana Department of Commerce, there are approximately 23,733 small businesses with 2 to 9 employees in Montana. These small businesses employ an average of 5 employees. According to a 2004 report of the Bureau of Business and Economic Research of the University of Montana, 63% of businesses with 1 to 5 employees and 48% of businesses with 6 to 10 employees do not provide group health coverage to their employees. Based on this information, by using an average of 55%, it is assumed that 13,053 businesses would be eligible for the Purchasing Pool program and 10,680 businesses would be eligible for the Tax Credit program.

The average tax credit paid at 100% calculation for these businesses is estimated to be \$5,267; therefore the Tax Credit program total cost would be approximately **\$56,251,560**.

The average business incentive for these businesses is estimated to be \$6,712; therefore the total business incentive cost would be approximately \$87,611,736. The average employee assistance payment for these employees is anticipated to remain the same as employees currently on the program at \$1,584, so the employee assistance cost would be approximately \$103,379,760. The total cost for the Purchasing Pool program would be approximately **\$190,991,496**.

The total annual cost of both programs would be approximately **\$247,243,056**, so the biennium cost would be **\$494,486,112**.